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REFERENCE TITLE: **budget stabilization act**

State of Arizona  
Senate  
Forty-sixth Legislature  
Second Regular Session  
2004

# SCR 1050

Introduced by  
Senator Martin

## A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; REPEALING ARTICLE IX, SECTION 17, CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING A NEW SECTION 17; RELATING TO LEGISLATIVE APPROPRIATIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of  
2 Representatives concurring:

3 1. Article IX, section 17, Constitution of Arizona, is proposed to be  
4 repealed as follows if approved by the voters and on proclamation of the  
5 Governor:

6 Article IX, section 17, Constitution of Arizona, relating  
7 to state appropriation limitation, is repealed.

8 2. Article IX, Constitution of Arizona, is proposed to be amended by  
9 adding a new section 17 as follows if approved by the voters and on  
10 proclamation of the Governor:

11 17. Limitation on state appropriations; excess  
12 revenues; adjustments; approval of  
13 additional expenditures

14 SECTION 17. A. THE AMOUNT OF STATE REVENUES APPROPRIATED  
15 BY THE LEGISLATURE IN FISCAL YEAR 2005-2006 AND EACH FISCAL YEAR  
16 THEREAFTER SHALL NOT EXCEED THE AMOUNT OF STATE REVENUES  
17 APPROPRIATED IN THE PRECEDING FISCAL YEAR, ADJUSTED ACCORDING TO  
18 THE ANNUAL CHANGE IN THE POPULATION OF THIS STATE AND IN THE  
19 COST OF LIVING AS PROVIDED BY SUBSECTION B OF THIS SECTION.

20 B. THE ECONOMIC ESTIMATES COMMISSION, ESTABLISHED BY LAW,  
21 SHALL DETERMINE AND PUBLISH BEFORE FEBRUARY 1 OF EACH YEAR THE  
22 MAXIMUM AMOUNT OF MONEY ALLOWABLE UNDER THIS SECTION FOR  
23 APPROPRIATION FOR THE NEXT FISCAL YEAR. THE MAXIMUM ALLOWABLE  
24 APPROPRIATION IS THE SUM OF THE FOLLOWING:

25 1. THE AMOUNT OF STATE REVENUES APPROPRIATED IN THE  
26 PRECEDING FISCAL YEAR.

27 2. THE AMOUNT OF STATE REVENUES APPROPRIATED IN THE  
28 PRECEDING FISCAL YEAR MULTIPLIED BY THE POSITIVE OR NEGATIVE  
29 PERCENTAGE CHANGE FROM THE PRECEDING YEAR IN THE POPULATION OF  
30 THIS STATE. FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC  
31 ESTIMATES COMMISSION SHALL DETERMINE THE POPULATION OF THIS  
32 STATE BY USING THE UNITED STATES DECENNIAL CENSUS OR THE ANNUAL  
33 UPDATE OF THE CENSUS BY THE DEPARTMENT OF ECONOMIC SECURITY, OR  
34 ITS SUCCESSOR AGENCY.

35 3. THE AMOUNT OF STATE REVENUES APPROPRIATED IN THE  
36 PRECEDING FISCAL YEAR MULTIPLIED BY THE POSITIVE OR NEGATIVE  
37 PERCENTAGE CHANGE FROM THE PRECEDING YEAR IN THE COST OF  
38 LIVING. FOR THE PURPOSES OF THIS PARAGRAPH, THE ECONOMIC  
39 ESTIMATES COMMISSION SHALL DETERMINE THE COST OF LIVING BY USING  
40 THE IMPLICIT PRICE DEFLATOR FOR THE GROSS NATIONAL PRODUCT, OR  
41 ITS SUCCESSOR INDEX, AS REPORTED BY THE RESPONSIBLE AGENCY OF  
42 THE UNITED STATES GOVERNMENT. THE ECONOMIC ESTIMATES COMMISSION  
43 MAY TAKE INTO ACCOUNT MINOR TECHNICAL ADJUSTMENTS TO THE INDEX  
44 THAT ARE MADE OCCASIONALLY BY THE UNITED STATES GOVERNMENT.

C. IF STATE REVENUES EXCEED IN ANY FISCAL YEAR THE ACTUAL AMOUNT OF APPROPRIATIONS ALLOWED PURSUANT TO THIS SECTION FOR THAT FISCAL YEAR:

1. THE LEGISLATURE SHALL APPROPRIATE AT LEAST TWENTY-FIVE PER CENT OF THE AMOUNT OF THE SURPLUS REVENUE TO A STATE BUDGET STABILIZATION FUND, EXCEPT THAT THE AMOUNT IN THE FUND MAY NEVER EXCEED FIFTEEN PER CENT OF THE MAXIMUM APPROPRIATION AMOUNT ALLOWABLE UNDER THIS SECTION FOR THE CURRENT FISCAL YEAR. THE LEGISLATURE MAY APPROPRIATE MONIES FROM THE BUDGET STABILIZATION FUND ONLY IN THE FOLLOWING CIRCUMSTANCES:

(a) IN A FISCAL YEAR IN WHICH STATE REVENUES FAILED TO INCREASE ABOVE THE PRECEDING FISCAL YEAR AT A RATE AT LEAST EQUAL TO THE ANNUAL CHANGE IN THE POPULATION OF THIS STATE AND IN THE COST OF LIVING, AS DETERMINED PURSUANT TO SUBSECTION B OF THIS SECTION.

(b) FOR DECLARED EMERGENCIES AND ON THE AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, WITH THE APPROVAL OF THE GOVERNOR, OR, IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE. FOR THE PURPOSES OF THIS SUBDIVISION, EMERGENCY DOES NOT INCLUDE ECONOMIC CONDITIONS, REVENUE SHORTFALLS OR ORDINARY ADMINISTRATIVE COSTS.

2. ALL OF THE EXCESS REVENUES NOT CREDITED TO THE BUDGET STABILIZATION FUND SHALL BE PAID, WITHIN FOUR MONTHS AFTER THE END OF THE FISCAL YEAR AND IN THE MANNER PRESCRIBED BY LAW, AS A REFUND TO PERSONS WHO FILED INDIVIDUAL INCOME TAX RETURNS IN THAT FISCAL YEAR.

D. NOTWITHSTANDING ARTICLE IV, PART 1, SECTION 1(6)(D):

1. IN A FISCAL YEAR IN WHICH STATE REVENUES FAILED TO INCREASE ABOVE THE PRECEDING FISCAL YEAR AT A RATE AT LEAST EQUAL TO THE ANNUAL CHANGE IN THE POPULATION OF THIS STATE AND IN THE COST OF LIVING, AS DETERMINED PURSUANT TO SUBSECTION B OF THIS SECTION, OR WHEN A REDUCTION IN TOTAL APPROPRIATIONS IS REQUIRED TO COMPLY WITH THE LIMIT ON APPROPRIATIONS UNDER THIS SECTION, THE LEGISLATURE, BY A VOTE OF A MAJORITY OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE AND WITH THE APPROVAL OF THE GOVERNOR, MAY PROPORTIONATELY ADJUST THE AMOUNT OF MONIES APPROVED BY INITIATIVE OR REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS.

2. IN THE CASE OF A DECLARED EMERGENCY THE LEGISLATURE, BY A VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE, WITH THE APPROVAL OF THE GOVERNOR, OR, IF THE GOVERNOR VETOES THE MEASURE, ON THE AFFIRMATIVE VOTE OF AT LEAST THREE-FOURTHS OF THE MEMBERS OF EACH HOUSE OF THE LEGISLATURE,

MAY PROPORTIONATELY ADJUST THE AMOUNT OF MONIES APPROVED BY INITIATIVE OR REFERENDUM FOR SPECIFIC PURPOSES OR FUNDS. FOR THE PURPOSES OF THIS PARAGRAPH, EMERGENCY DOES NOT INCLUDE ECONOMIC CONDITIONS, REVENUE SHORTFALLS OR ORDINARY ADMINISTRATIVE COSTS.

3. A PROPORTIONATE ADJUSTMENT PURSUANT TO THIS SUBSECTION OF THE AMOUNT OF MONIES APPROVED BY INITIATIVE OR REFERENDUM IS NOT CONSIDERED TO BE AN APPROPRIATION OR DIVERSION OF FUNDS CREATED OR ALLOCATED TO A SPECIFIC PURPOSE.

E. A MAJORITY OF THE QUALIFIED ELECTORS OF THIS STATE MAY APPROVE APPROPRIATIONS OF STATE REVENUES IN EXCESS OF THE AMOUNT AUTHORIZED PURSUANT TO THIS SECTION AT A REGULAR STATEWIDE PRIMARY OR GENERAL ELECTION OR AT A SPECIAL STATEWIDE ELECTION CALLED FOR THAT PURPOSE IN THE MANNER PRESCRIBED BY LAW. THE APPROVAL BY THE ELECTORS MAY BE FOR ONLY ONE FISCAL YEAR AND FOR A SPECIFIC AMOUNT IN EXCESS OF THE AMOUNT AUTHORIZED PURSUANT TO THIS SECTION AND MUST OCCUR BEFORE THE START OF THE FISCAL YEAR IN WHICH THE APPROPRIATIONS ARE TO BE SPENT. THE AUTHORIZED AMOUNT OF EXCESS APPROPRIATIONS UNDER THIS SUBSECTION DOES NOT AFFECT THE COMPUTATION OF THE LIMITATION ON APPROPRIATIONS UNDER THIS SECTION FOR ANY FOLLOWING FISCAL YEAR AND IS NOT SUBJECT TO ARTICLE IV, PART 1, SECTION 1(6)(D).

F. IN ORDER TO PERMIT THE ASSUMPTION AND DEVOLUTION OF GOVERNMENTAL FUNCTIONS AND RESPONSIBILITIES AMONG THE VARIOUS LEVELS OF GOVERNMENT, AND CONSISTENT WITH THE PURPOSES OF THIS SECTION, THE LEGISLATURE SHALL PROVIDE FOR ADJUSTING THE LIMITATION ON APPROPRIATIONS UNDER THIS SECTION CONSISTENT WITH THE FOLLOWING PRINCIPLES:

1. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED FROM THE STATE TO THE FEDERAL GOVERNMENT OR TO A TRIBAL OR LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON APPROPRIATIONS UNDER THIS SECTION SHALL BE COMMENSURATELY DECREASED.

2. IF THE RESPONSIBILITY FOR FUNDING ALL OR PART OF THE COST OF A GOVERNMENTAL FUNCTION OR PROGRAM IS TRANSFERRED TO THE STATE FROM THE FEDERAL GOVERNMENT OR FROM A TRIBAL OR LOCAL LEVEL OF GOVERNMENT, THE LIMITATION ON APPROPRIATIONS UNDER THIS SECTION SHALL BE COMMENSURATELY INCREASED.

3. ANY ADJUSTMENT PURSUANT TO THIS SUBSECTION SHALL BE MADE FOR THE FIRST FISCAL YEAR OF THE TRANSFER AND SHALL REMAIN IN EFFECT THEREAFTER.

G. FOR THE PURPOSES OF THIS SECTION, AN APPROPRIATION PRESUMPTIVELY INCLUDES ANY AUTHORIZATION BY THE LEGISLATURE FOR THE EXPENDITURE, DISTRIBUTION OR ALLOCATION OF MONIES BY THIS STATE, WHETHER BY STATUTE, AN INDIVIDUAL ENACTMENT OR PURSUANT

1 TO A FORMULAIC CALCULATION, INCLUDING CONTINUING APPROPRIATIONS,  
2 BUT DOES NOT INCLUDE THE FOLLOWING REVENUE USED IN THE MANNER  
3 PRESCRIBED BY LAW:

4 1. MONIES THAT ARE RECEIVED FROM THE UNITED STATES IF  
5 THEY ARE NOT SUBJECT TO APPROPRIATION BY THE LEGISLATURE.

6 2. STATE TAX REVENUES THAT ARE ACTUALLY REMITTED TO  
7 CITIES, TOWNS AND COUNTIES FOR GENERAL, UNRESTRICTED MUNICIPAL  
8 OR COUNTY USE IN A PERCENTAGE ALLOCATION THAT DOES NOT EXCEED  
9 THE PERCENTAGE AUTHORIZED FOR FISCAL YEAR 2002-2003.

10 3. REVENUES THAT ARE DERIVED FROM STATE AND SCHOOL LANDS  
11 HELD IN TRUST PURSUANT TO ARTICLE X.

12 3. The Secretary of State shall submit this proposition to the voters  
13 at the next general election as provided by article XXI, Constitution of  
14 Arizona.